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THE RELATION OF ECONOMIC STUDY TO PUBLIC AND PRIVATE CHARITY.*

The purpose of this paper is the discussion of certain aspects of the study of economics, especially this question :—

Of what avail is the study of economics in the practical work of dealing with the problems of poverty? In putting the question thus, I am, perhaps, making too great a concession to those who demand from study of any sort immediate results in hard cash or some equally obvious medium of exchange. Such persons must always remain strangers to the pleasures of the pursuit of truth for its own sake rather than for the sake of the profit that it brings, and strangers also to the real enjoyment derivable from the getting of knowledge ostentatiously useless.

Among the numerous inconsistencies in which we are apt to detect each other, there is the inconsistency of feeling more interested and excited about things remote than about things near ; and at the same time demanding in connection with things near, that every thought about them shall pay in some definite form. We expend our compassion and our money in sending missionaries to the heathen of other countries, or in alleviating the miseries of Russian Jews, or Christians of the Lebanon, while we manifest some impatience at the demands upon our time and our purses for the service of our next-door neighbors. The closer things are to our vital interests, the less they interest us. We see too much of them, and have them thrust in our eyes until we are weary of them. Things that are familiar bore us to death, even though we may run the risk of their doing us to death in some other way. The commonplace does not excite

* Inaugural Lecture delivered before the University of Toronto, February 6th, 1893.

us, because it is commonplace. What excites us is the novel, the uncommon, the unfamiliar. Now, here, perhaps, is the reason for the prevalence of the notion that political economy is "the dismal science." Because it deals with the common place, because it has to do with the familiar, it is dismal, and for no other reason.* It is true that economics opens a new window through which we may, if we will, look out upon life; but the window is glazed with no garish colors, there is no inviting label to make us aware of the treasures that lie within.—There is indeed a label which is traditionally repellent—hence the popular view which, like most popular views, is partly justified and partly erroneous, that economics is a dull affair, that it is a study by dull people, of dull people, for dull people.

In so far as economics is regarded as dismal because of its relation to every-day life, there is no help for it; in so far as it is dismal because it throws little or no light upon practical problems, there is no excuse for it. Let us see how far and in what way the study of economics can throw light upon practical affairs. But first—What is the relation between practical affairs and science of any kind? Is it not this? The region of practical affairs is the region of action—it is the region of art in the widest sense. The region of science is the region of thought, of action too, no doubt, in the sense of experiment and observation, but still essentially the region of thought, of logical continuity, of guarded progress from one proof to another, of careful employment of theories and hypotheses. In science we think and talk about its principles and classifications. In art we have no occasion to talk—we have to do it. Art like charity, is to be done, not to be talked about. It were childish to discuss the opposition of science and art,—the opposition of theory which is in the region of science to practice, which is in the region of art. They are not opposed, one is the complement or the fruition of the other. Two theories may be opposed as two

* Cf. Helps "Social Pressure." p. 255.

methods of practice may differ, but there is no such opposition, in reality as that which underlies the phrase "It is all very well in theory but it does not work out in practice." Where this phrase is employed it will be found that there is something loose in the theory, some error in the method of working in the practice, or a total want of harmony between the conditions presupposed in the theory and those which actually accompany the practice. In any case it is a loose and inaccurate phrase suggesting an opposition which has no counterpart in reality. Science and art, theory and practice are then not opposed, though they are different. One is concerned with executive power—with action, with the emotions, with the muscles, and the other with thought, with orderly arrangement, with opinion, with criticism.

Now, though political economy is held by some to be an art as well as a science, and perhaps rightly so held, we must not confound the methods of the science of political economy with those of the art of political economy. The science of political economy is the province of the economist, the art of political economy is the province of the statesman, or the practical administrator in civic, national or international economic affairs.

The functions of the two classes of persons vary widely ; the two classes may be of mutual aid, they may be of mutual hindrance. The two functions require different orders of mind, different aptitudes and different studies.

An excellent economist may make an indifferent statesman, not because "what is all very well in theory will not work out in practice," nor because the study of economics is of no use to a practical statesman; but, because the qualities which have enabled the economist readily to grasp scientific principles are not those which as a statesman he is called upon to exercise. Power to grasp scientific principles is a valuable quality in any man ; but the statesman must have other qualities beside, he must have the capacity and the habit of control, he must have the magnetic power to bind

men together and to lead them his way. He must be a man of action. It were as unreasonable to demand of the economist administrative ability as to demand of the statesman intimate knowledge and grasp of scientific principles.

Yet it is of the greatest importance for the economist to know, and to know exhaustively, the methods of practice, however little he may share in them, as it is for the statesman to know, and to know exhaustively, current theories of political action, however little he may be able or desirous to take a share in thinking them out.

The statesman, politician, town councilor or other representative of the people who takes part in public economics and who, nevertheless, passes the study of economics by on the other side does so, not because there is any opposition between sound theory and sound practice, but rather because being a man of action he has no aptitude for abstract thinking, and no wish to trouble about it. The average man does indeed confine himself to one or other sphere of activity—to practical government or to the study of systems of governments.

It will perhaps now be evident that objections to the economist because he is not practical are as valid as, and no more valid than, objections to the politician because he does not offer unbiased statements of theories of government instead of party speeches.

All this may seem rather elementary, yet, perhaps, at no time has there been more need to emphasize this distinction between science and art than there is now. If we are to build up a science of economics we must do so with our eye on, but with our minds and voices away from, the market place or the hustings. We must have as little emotional interest in this or that theory, or this or that policy, as we should have in the examination of the evolutions of an oyster feeding under a microscope or in the discussion of the succession of the rocks in our neighborhood.

One has often tried to get some account of a battle or of a campaign from a private soldier, but always without success. He knows only marchings and counter-marchings, knows that one night he lay behind a hill and that the next morning his regiment charged over a plain. This is all. Any student of history knows more of battles than the soldiers who were there, who are not students of history.

Thus, in the turmoil of party politics, in the midst of the struggles of Conservative and Liberal, Republican and Democrat, N. P. and "grit," we here at least may be tranquil, but observant. The onlookers see most of the game.

This then is the rôle of economic science in the study of practical problems, it is to give a man that sane and all-round view which our dual system of party government tends to prevent him from having; it is to show a man that the result of his action is at the best uncertain, but that in proportion as step by step he reasons rightly and comprehensively, he is the more likely to bring his action to good issues. The study of economics makes a man modest, would make even a politician modest. For it brings him into the presence of the vast social and material forces with which in any action on the large scale he has to reckon. It makes him realize how complex are the issues of life, how numerous the cross-currents, how many forces may conspire to defeat his best aims.

And now, in this attitude of theoretically the most perfect independence, the most absolute indifference to the immediate or remote results, the uttermost absence of what the world calls "sentiment," let us regard the problems of poverty.

The first question we must ask about poverty is—What is the meaning of the word? The dictionary does not help us much, though it gives us a number of synonyms. While every one has a general idea of what is meant by the expression, we should find considerable difference in ideas as to what constitutes poverty. If our scientific method is to

avail us at all, it must first offer us the means of obtaining a more definite idea of the range and meaning of poverty than is offered to us in the language of every-day life. It must provide us with some gauge for determining the degree of poverty and with some method by which we may discover where poverty comes in in the general scheme of things and what brings it there.

Like all early inquiries, the early inquiries into poverty regarded it as an isolated fact which might be considered apart from the other facts of life, and described it as a disease due to one or two specific causes, and capable of being dealt with by one or two specific remedies.

But just as the study of physiology,—the study of the normal action of the functions of the organism preceded pathology,—the study of the morbid action of the organs, so the scientific study of diseases of the social organism—social pathology we may call it—was necessarily preceded by study of the normal action of the economic functions. It was necessary for us to have the study of the wealth of nations before we could have the study of the poverty of nations.

Technically the study of wealth is in the departments of production and distribution—the study of poverty is in the department of consumption.* Poverty is unsatisfied need. The need is there, the resources to satisfy it are not there.

Poverty is thus the condition of those who live at a low level, whose food, clothing and shelter are relatively inadequate—relatively inadequate—for if they were absolutely inadequate, those who found themselves in that condition would perish—inadequate relatively to the resources and consumption of those who are living at a higher level.

Poverty is simply the shady side of life, and we cannot understand that unless we understand what life is and how it is now being lived by the people. We must, therefore,

* While inadequate production or a defective system of distribution may produce poverty, neither will determine the depth and range of it.

look upon the study of poverty as being part of a large whole. This is the central idea of the modern study of poverty. It is a part of the study of the economic life of the people as a whole.

The methods that are now being employed in the study of poverty are simply the methods by which other sciences than economics have succeeded in enlarging the domain of knowledge, viz., observation, induction and deduction. The same order of skill with which beasts, birds, fishes and insects have been classified and arranged is at last being brought to bear upon mankind. It is beginning to be possible to understand ourselves.

This orderly scientific method is rather the outcome of the general movement than the offspring of a single investigator. It has, indeed, not sprung into existence in a moment; but is rather a development, many workers having been devoting themselves to a close and systematic study of economic life, some of them even without being aware of the importance of the work they were doing.

I desire to suggest the need of adequate coördination of the results of such inquiries, rather than to make a premature attempt at coördination. It seems essential that the order of facts whose interpretation is desired should be widely understood. This order of facts may perhaps be most effectually gathered from an account of two different but parallel investigations.

One of the leaders in the new method of the study of society was Frederic Le Play, who, in 1829, began the series of family monographs which has been carried on by his disciples over the period of sixty-four years that has elapsed since then. It is not my purpose to give an exhaustive account of the method of Le Play. I shall endeavor merely to indicate so much of it as may suffice to show its place in the study of the problem of poverty.

The chief feature in the method of Le Play is the comprehensiveness and minuteness of its view of social life. It

takes as its starting point the idea that the unit of society is the family, and that the plexus of social forces can only be inductively studied by means of microscopic observation of a great number of these units. The family, then, must be examined in detail with scrupulous care, and its environment, heredity and characteristics exhaustively catalogued.

Thus, the three chief heads under which the investigation must be carried on are these :

1. The external condition of the family.
2. The status of the family, with its record of heredity.
3. The means and mode of existence of the family

It is the business of the observer to note :

I. THE EXTERNAL CONDITION OF THE FAMILY.

The Place of Habitation.—The features of the district ; the municipal government ; the provision of open spaces ; means of transit ; the physical characters of the district ; climate and natural resources.

The Chief Industries.—The mode in which these are organized—domestic or capitalistic ; exportation and importation from the district ; mode of land ownership ; division of property ; state of commercial property ; number of population, and trades of these.

2. CIVIL STATE OF THE FAMILY.

Constitution of the Family.—Names and places of birth and death of members of the family.

Religion and Moral Habits.—Religious belief of the family and of the population in general ; influence of the clergy ; details of religious practices ; private observances ; domestic worship ; public worship ; sacred images ; ceremonies at marriage, birth and death.

Domestic Virtues.—Attachment between homes ; influence accorded to the wife in domestic affairs ; deference accorded to aged parents—measures taken to secure for them

a happy old age ; remembrance of dead parents ; affection to offspring—measures taken for their development, moral and intellectual ; treatment of domestics and animals.

Social Virtues.—Charity ; devotion ; disposition to hospitality ; spirit of conciliation in dispute ; politeness and harmony in social relations ; guild relations, friendly societies, corporations, trade unions ; deference and attachment of family to employer ; relations with devotees of other religions ; toleration.

Moral Habits Relative to Mode of Existence.—Inclination to own property in house, furniture and in clothes ; tendency to simplicity ; temperance in food and drink ; inclination to save ; terms of investment of saved capital ; mode of transmission of property to the period of old age and of death ; tendency to remain in place of habitation or to emigrate temporarily or permanently.

Principal Traits Characterizing Intellectual Development.—Knowledge communicated by primary instruction and by religious instruction ; special facts relative to the education of children ; the relation of the exercise of their trade to intellectual development ; use of museums in this connection ; attachment to tradition, or tendency to innovations in methods of labor ; relation of workmen to masters ; the attitude of the family to civil and political institutions.

Hygiene.—The habitual state of health of the family ; practices of ablution ; cleanliness or otherwise of clothes and houses.

Medical Service.—Aptitude or ignorance of head of family or of the wife to administer medical relief or to act as nurse ; superstitious or archaic practices or theories regarding care of health ; care of health of children by parents ; infant insurance, bearing upon health and life of children.

Rank of Family.—Relations of family with other families of employers or workmen in same locality ; conception of status of family by itself ; relation to strangers ; sociability or otherwise of family.

3. MEANS OF EXISTENCE OF THE FAMILY.

Property Possessed by the Family.—Immovables, movables, money, investments, tools, arms, domestic animals.

Subventions.—Charitable relief; payments by friendly societies or trade unions during sickness or want of employment; drugs; use of hospital, school and church, so far as these are free.

Labor.—Labor executed by the workman and his family for an employer; labor executed by the workman and his family for his own behoof.

It will be seen at once that here is something larger than simply an economic investigation; it is rather a sociological investigation of the most comprehensive character. It is, indeed, more than that, for it involves as well, topography, the study of the physical environment. While the details of the investigation are not such as might be undertaken by the economist in the strict rendering of the expression, every one of the points has its bearing upon the economic condition. The economic condition is indeed the resultant of these various forces and the condition cannot be understood without an investigation into the way in which it has been produced. It may seem a hard saying, yet it is true, that what we know about the economic condition of the populations of our large cities is mere vague surmise, depending upon the statements of a few persons in each city, untrained, as a rule, in rigid methods of induction, who form their conclusions from a field of observation, limited by their own casual experience. What we do need is detailed and continuous investigations along the lines I have sketched, with competent co-ordination of the results.

The method of Le Play is no visionary scheme, but is now being applied to the study of populations in several widely separated areas. Le Play's own monographs deal with society in some of the European countries and in the East, and the accumulation of material for co-ordination is still being carried on by the Le Play societies.

By far the most important, in point of positive results of the applications of modern scientific methods of research to the study of society, and specially to the problems of poverty, is the work of Mr. Charles Booth upon London. Mr. Booth has carried on his investigation, independently of the Le Play method, and on different, though somewhat similar, but less systematic, lines. He has conceived the idea of making an exhaustive study of the population of London—from an economic point of view. With this object he has already by the aid of an army of assistants, thoroughly explored a great part of London. He has made a careful investigation of a vast number of families and has gleaned not all, but a large number of the relevant facts about them. He has classified these facts and drawn certain provisional conclusions from them. His work is indeed, in most ways, a perfect model of what such an investigation should be. The conditions of each great city are so different from those of every other that not until we have before us similar investigations of other cities shall we be entitled to form definite conclusions about the poverty in them.

Early in Mr. Booth's investigations he found it necessary to devise a classification which might serve as a standard for the measurement of different degrees of poverty.

The standard is as follows :—

A. The lowest class of occasional laborers, loafers and semi-criminals.

B. Casual earnings—very poor.

C. Intermittent earnings,

D. Small, irregular earnings, } Together, the "poor."

E. Regular standard earnings—above the line of poverty.

F. Higher class labor.

G. Lower middle class.

H. Upper middle class.

These divisions are of necessity arbitrary. In different places, or at different periods in the same place, they would be denoted by different pecuniary amounts. Each division

is, however, sufficiently permanent in its central idea for practical purposes. In London, in 1886-89, when these investigations were made, the "poor," Classes C and D comprised those who have an income of from \$4.75 to \$5.10 (18s to 21s) per week for a moderate family; Class B comprises those who fall below this amount.* The "*poor*" may be described as living in a state of struggle to obtain the necessities of life; while the *very poor* "live in a state of chronic want."

Here, then, we have a gauge by which to measure the standard of comfort of the people. The gauge is readily adjustable to any locality. What we need to do is by a general inquiry to fix the amount of the money wages applicable to each class with the relative numbers in family and then proceed to discover by minute inquiry what the standard of comfort is in each family over the different quarters of a city. This inquiry involves a vast amount of time and trouble, and must be repeated at moderate intervals; but without such an inquiry our knowledge of the people, of their standard of comfort, of what constitutes poverty, and the extent of it is quite vague and indefinite.

The results of Mr. Booth's investigations into the economic condition of a certain portion of the people of London reveal many interesting points. In the district chosen by him for investigation in the first instance, East London and Hackney, comprising an area of about seven square miles in the east of London, bounded on the south by the river Thames, on the west by the city and on the east by the Poplar marshes, there are about 900,000 inhabitants. Of these 64.8 per cent were above the line of poverty and 35.2 per cent were below it. Of this 35.2 per cent, or 315,000 persons below the line of poverty, only 6000 were inmates of institutions, so that over 300,000 persons were living in poverty in this area—one-third of the population.

But of these 300,000 persons living in poverty, 128,000, or nearly one-half, were earning regular low wages; 74,000,

* C. Booth. "Life and Labor in East London." Vol. I. P. 33.

or about one-fourth, were making irregular earnings; 100,000, or one-third, were making casual earnings; while 11,000, or 4 per cent of the poor, or $1\frac{1}{4}$ per cent of the whole population of the district, belonged to the lowest class of occasional laborers, loafers and semi-criminals.

Here, then, it is clear that in studying the problems of poverty we have to deal not alone with those who claim public relief as paupers, or who claim private charity as beggars, but with the great army from which these classes are constantly recruited, the army of those who live at or under the line of poverty—a great army living at a depressed rate of life and tending to reduce the vitality of the whole population.

But Mr. Booth has done something more than merely discover the extent of poverty. He has made inquiry into its causes. The causes of poverty turn out not only to be numerous, but interactive. There is the principal cause and the contributing cause, there is the cause and the effect visible in the same person, or in two or more persons. Thus the poverty of a child may not be due to any fault on the part of the child, but to one or the other parent or both.

This strictly empirical investigation of Mr. Booth's reveals the following causes of poverty operating as principal or contributory causes:

Crime, vice, drink, laziness, pauper associations, heredity, mental disease, temper, incapacity, early marriage, large family, extravagance, lack of work (unemployed), trade misfortune, restlessness (roving, tramp), no relations, death of husband, desertion (abandoned), death of father or mother, sickness, accident, ill luck, old age.

It is difficult to give a fair idea of Mr. Booth's investigations from his voluminous tables. But, out of 1000 paupers in Stepney whose cases were carefully investigated individually it was found that old age was the chief principal and contributory cause.

Old age was the principal cause in 32.8 per cent of the cases.

Sickness,	26.7 per cent.
Drink,	12.6 "
Accident,	4.7 "
Trade misfortune,	4.4 "
Pauper associations and heredity,	1.1 "

As contributory causes:

Old age contributed of the cases, 17 per cent.

Pauper associations and heredity contributed chiefly with sickness, drink and old age as principal causes of the cases, 17 "

Drink contributory cause, with sickness and old age as principal causes, accounted for the pauperism of 12 "

While sickness accounted for an equal number.

Altogether drink is returned as responsible directly as principal, or indirectly as contributory, cause for 25 per cent of the cases. Mr. Booth, however, says "the proportion is less than might have been expected, and it is probable that closer research into the circumstances and history of these people, if it could be made, might disclose a greater connection than here appears between pauperism and the public house. It is, however, noteworthy that the results shown agree on the whole with those of the two inquiries I have myself previously made into *apparent* causes of poverty. The first regarding 4000 cases of poverty known by certain of the School Board visitors, gave 13 to 14 per cent as one to drink, the lighter percentage being for the greater degree of poverty. The second, regarding about 5000 people living poor and irregular lives, showed 10 and 11 per cent, dropping to only 5 per cent for about another 3000 who though poor were more regularly employed."

In St. Pancras workhouse, the number of cases in which pauperism was due to *old age* as a principal cause was 23.4 per cent.

To sickness,	20.7 per cent.
To drink,	21.9 "
To laziness,	10.6 "
To mental derangement,	4.3 "

In St. Pancras workhouse about the same number of cases were investigated but they included a smaller number of permanent paupers than the Stepney house whose figures were first quoted. The current cases exhibit the largest amount of drunkenness. The "ins and outs," or those who go to the workhouse for a while and then leave, are specially notable for drunken habits. Forty-three per cent of the "ins and outs" were obliged to seek refuge in the workhouse on account of drink.

The details of Mr. Booth's conclusions are to be found in his smaller volume on Pauperism.* His main conclusion is that *old age* is the most frequent principal cause of pauperism, and he suggests as a remedy for this cause a national scheme of endowment of old age. Old age, then, stands first, sickness next and then comes drink.

Supremely valuable as Mr. Booth's work is, it stops short of a full revelation of the reason why we have this mass of poverty. It discloses the immediate causes of poverty, it does not disclose the remoter causes of it. For the empirical investigation of these we must turn to the more comprehensive method of Frederic Le Play, the close study of the family, each family the subject of a separate monograph narrating its record as a family, its ethnical position, its migrations, its industrial status, its sources of income and methods of expenditure.

Study of poverty in the economic sense is thus a branch of the study of economic life—a branch involving special methods of research and investigation, special methods of record and generalization.

Not that this can be done easily, on the contrary, even as regards pauperism, a detailed investigation into the record of

* C. Booth. "Pauperism: A Picture."

any considerable number of pauper families might be almost impossible. Yet such an investigation would probably show us that poverty, especially in England is not wholly a creation of to-day, but is largely a legacy from the past. One cannot read the economic history of the country without feeling convinced that the underpaid and stunted weavers and mechanics of the beginning of the century and the half-starved agricultural laborers, who systematically received part of their wages out of the poor rates, have taken a frightful revenge—have bequeathed not wealth, which moth and rust might corrupt, but poverty, which flourishes in corruption. Neglect in the past of obvious physiological laws is responsible for much of the poverty of to-day.

In a very real sense the sins of the fathers are visited upon the children, even unto the third and fourth generation. Whole nations may suffer for some class sins of a bygone age. Much of the low level of modern life is due, we can hardly doubt, to causes reaching far back in the history of each race—some of them not indeed so very far back, but still behind the immediate range of vision. Thus much of the low level of modern life is due to the existence of a definite nucleus of hereditary pauperism. This hereditary pauperism is due again in a large measure, no doubt, to the modes of dispensing public and private charity, which have endured, more or less, from the middle ages until now. And the unfortunate and disagreeable fact emerges in most inquiries on the subject that not a few of the charitable agencies and not a few charitable individuals are steadily adding to the ranks of professional pauperism by an ill-considered system of doles. It is hard to resist the moving of the bowels of compassion and to refuse to give a coin to a beggar, but after all the giving of the coin is an easy salve to the conscience. It is much easier, for example, than taking pains to discover the exact reason for the poverty of the beggar and setting about to devise means at once to save the man

and prevent so far as may be future cases of the same order. I need not weary you with criticisms of the results of indiscriminate alms giving. These have been urged over and over again by every charity organizer, from Defoe in his essay "On Giving Alms no Charity," down to our own day.

Much of the misery is due also, no doubt, to the economic changes that in many countries have transformed agricultural into industrial and industrial into commercial communities. What is popularly known as "modern progress" consists in changes of this sort. Some of these changes, probably most of them, are due to imperious forces which will not be gainsaid, are due to physical changes, climatic and other, are due to pressure of population, or external or internal influences too varied to enumerate. While the main facts of these changes are probably inevitable, because they are due to forces which it were useless to fight against, much may be done to mitigate the severity of a change to those who are victimized by it. Failure to do this by some means or other, by voluntary private action or by compulsory State or municipal action, inevitably results in accession to the ranks of those who have gone down in the struggle with the new forces. Such victims of what is called progress, where they do not die, live to produce an enfeebled and deteriorated generation. Successive changes of this kind have resulted in the casting off, as by centrifugal force, from the round of industry, of great numbers of men and women. Thus, apart altogether from personal misconduct, which counts for much, but which is often traceable to inherited tendencies, there is in modern industrial life an excessive development of this form of struggle, one of the forms of the "struggle for existence," which goes on on all the rungs and from top to bottom of the biological ladder. It is a struggle of processes as well as of men, in which the processes often victimize the men who devise them. It may be that nothing can meanwhile be done to mitigate the severity of the effects of these changes in general or on the large scale, but much

may be done—much is being done on the small scale. Manufacturers to-day who introduce new machinery are, as a rule, more considerate of their workers than they used to be, partly, perhaps, owing to the moralization of the employer and partly to the combination of the workers. Thus we have witnessed during the past few years many industrial changes and, no doubt, much victimization, but probably less serious suffering than might otherwise have been the case.

An exhaustive examination of economic life, would involve inquiry as to how far what is known as the factory system is associated with the development of poverty, and as to what are the precise relations between the growth of towns and the growth within them of a proletariat class, or landless, workless class, probably partly inheriting their inefficiency.

Apart from the general influence of the factory system upon industrial society, there is the influence of the commercial system. The huge circulatory system of modern commerce works smoothly for a while, and then, from an obscure or undiscoverable cause, is suddenly or gradually constricted at some point, while the whole system, intimately sympathetic as it is, is affected by the constriction. These fluctuations in commerce produce corresponding fluctuations in industry, and we have the alternate phenomena of inflation and depression of trade.

Thus one of the results of the departure now going on in a greater or lesser degree in most civilized countries, from "the stable basis of agriculture to the fluctuating basis of trade," is the irregularity of employment. Exact figures in this connection are hard to get as yet, although they are being more industriously collected now than ever before. By way of illustration we may take the record of a period of depression where, of course, this condition of irregularity is most manifest. Of 30,000 workmen in the East of London, whose cases were investigated in 1887, 14,000 or 47 per cent had been working continuously for six months or more, while

29 per cent had been working only two months in the aggregate out of the six, and 23 per cent had been idle for various periods, extending from two to ten weeks, that is that 53 per cent of these 30,000 workmen belonging to thirty-four different classes of occupations, and a much larger number of individual occupations, were exposed to serious irregularities of employment. Of these 3 per cent only were permanently disabled and 3 per cent were temporarily disabled, and were, therefore, not physically equal to manual labor.* The returns of trade unions illustrate the same condition. Irregularity of employment leads directly or indirectly to poverty.

The alert and shrewd among workmen reckon upon and prepare for these periods of depression. They insure against them by actual saving and by paying into a trade society. It may be held, therefore, that in some industries wages are higher than they would otherwise be were it not for these fluctuations. The trade union is largely to be credited with providing a compensation balance which steadies the industrial system and prevents it from feeling the full effects of the fluctuations of commerce.

Beneath the industrious and provident workman, and forming a large class in the communities of the Old World and in some of those of the New, there are the men who, whenever the first wave of depression comes, find themselves without employment. The unskillful, the lazy, the ill-tempered (for this, as every careful observer knows, is quite a large cause of poverty), the dissolute, are naturally dismissed first, while the skillful, active and good-tempered, steady men remain till the last.

The class thus indicated form the ranks of the unemployed whenever depression in trade causes a diminution of employment.

We may now divide each of Mr. Booth's classes A, B, C and D into sub-classes. In each we will find :—

* Parliamentary Paper. C. 5228. 1887. P. 2.

1. The aged.
2. The insane.
3. The sick, including (a) Those suffering from diseases due to drunkenness. (b) Those suffering from other diseases.
4. The able-bodied unemployed.

Let us enumerate rather than examine the methods adopted in dealing with these classes.

There are three main methods of general application and in general use :

These are

1. Compulsory rating for State or district relief, with administration by nominated or popularly elected representation, as in England.
2. Voluntary Associations, as in Canada.
3. A union of these, as in the case of the poor by a State church, or as in what is known as the Elberfeld system.

Private or unorganized charity cannot fairly be classed as a system, although it is possible that more is done, both of good and of evil, by private charity than by any of the systems. Judicious private charity may render unnecessary the establishment of a public system, while the establishment of a public system may on the other hand tend to stamp out private charity.

If we could be quite certain that every man had a perfectly alert regard to his own interest, and the most ample opportunity to secure his interest, together with a perfectly keen sense of his responsibilities and duties, there would be theoretic justification for sternly refusing relief of any kind. But we know that men do not grow that way, and that therefore, however unfortunate in many ways it may be for society, society must make good the shortcomings of the individual for no other reason, so far as society is concerned, than the desire for self-preservation. It is true that the effect of this action of society is to transfer the responsibility from the individual to society. But since in the cases concerned the personal responsibility is not recognized, there is a clear gain in the recognition of it as a social responsibility.

As regards the aged, sick and insane poor, granted the duty of maintaining them, the question is—How is it to be done most efficiently? By indoor maintenance in the poor-house or asylum, or by outdoor relief in the shape of allowances, pensions or otherwise.

In the cases of the insane and in the cases of those who are sick from infectious diseases, there is everywhere a definite tendency to treat these in a hospital or asylum. While the expenses of administration vary widely, there can be little doubt that for the sick and insane, indoor treatment is, on the whole, more efficient and less expensive than any other method would be.

The establishment of asylums with farms attached, for inebriates, has been carried to some extent in Germany* and elsewhere, but it would be premature to express any judgment upon the results. It is difficult for the authorities even in Germany to keep the traces of those who pass through the asylums and leave, and in the absence of definite knowledge of this sort, conclusions would be misleading.

Taken generally, and efficient administration being assumed, the evidence seems to be in favor of indoor treatment of the sick and insane. As regards the aged, the evidence is by no means so clearly in favor of indoor treatment. The policy of the English poor law until 1834 was wholly in the direction of outdoor relief; but after the Report of the Commission of that year, condemning outdoor relief on account of the serious abuses which had crept into the poor law administration, the policy was changed. Gradually the amount expended in outdoor relief has diminished and the amount expended in indoor relief has increased.

You will not expect me to discuss at this moment the details of so large a question, but it may fairly be concluded from the evidence in England, Germany and America, that the question as to which means of relief should be adopted

* As in the Salem Colony for Inebriates at Rickling, Schleswig-Holstein. See *Report* quoted above.

is one which depends rather upon the conditions, historical, social and individual than upon any abstract principle. The important thing is to know precisely what the conditions are.

Several schemes associated more or less definitely, with the question of outdoor relief, have recently been urged upon public attention.

The National Insurance system of Germany, and the National Pension schemes of Mr. Chamberlain and of Mr. Charles Booth are really systems of outdoor relief.

The national insurance system has not had a very long trial; but it would appear that considerable difficulties are being met with. Malingering is, it is understood, going far to make the system unworkable without regulations of additional severity. While malingering applies rather to an insurance scheme than to a pension scheme, and is, moreover, a practical difficulty that may be coped with, a rather serious theoretic objection lies against all pension schemes. Do they not really amount to a rate in aid of wages? Do not pensioners now hire themselves for less than men who are not pensioners can subsist upon, and so tend to diminish the rate of wages of their grade of labor.

It may be that a national pension scheme would have this result on a large scale, unless the age at which the pension was payable were fixed beyond the age at which the average man would be likely to work. There are, besides the difficulties of dealing with the existing pension agencies, especially the friendly societies, the difficulty of collecting a special rate for the purpose from each individual, or of dispensing with a special pension payment and throwing the total cost upon the national revenue as a whole. These difficulties seem large; perhaps they are not insurmountable.

The crux of the poverty question in Europe just now is the treatment of the able-bodied unemployed. The numbers of these to be dealt with at any moment, even in a time of depression, are very indefinite. They fluctuate from day to

day, from hour to hour. At one moment the ranks of the unemployed are mainly filled by industrious workmen, who would work if they could get work to do, at another with loafers who hang on the skirts of every relieving agency, and are not only kept alive, but formed into a compact class of professional dead-beats.

How is the first class to be sifted from the second? for obviously the kind of treatment they need is widely different from the kind of treatment which the others need.

The aspect which this part of the problem of poverty presents to most persons is this: Here are some thousands or some hundreds of thousands of mouths to be fed; but these mouths have intimate association with twice as many hands to feed them. What is wrong that the hands cannot feed the mouths?

Now this question, which might be put by a child, which is indeed often put by children, involves no simple answer. I have already sufficiently insisted upon the unity of economic life to make that clear. If all these hundreds of thousands of workless men were transported to another planet, or to some neglected spot upon this one, and if their labors were organized spontaneously or otherwise, they might work for each other, and get on quite merrily; but we may do more harm than good by attempting to force the unemployed back into the industrial system. If we get them to make things for us which we do not want, we simply waste our money; while if we get them to make things for us that we do want, we simply transfer our demand from one set of workmen whom we are just now employing to those newcomers who want employment. We do not make any fresh demand for labor, we simply transfer our demand from one group to another, and in so far as we do so, we tend to impoverish one set of men while we enrich another set. If we were sure that we were distributing our demand more uniformly and with greater benefit to society than before, there might be something to be said for our action; but can

we be sure that we are doing so? Now, here we might arrive at an *impasse*; but there is no need for that. We cannot remove our unemployed to another planet, yet we may find some place on our own which is not occupied, we may plant them down there, and let them produce for each other. If we can get them simply to produce for each other, without coming into the market with their products subsidized by our charity in any way, there will be a clear gain in the production. They will cease to be a charge upon society. They will become producers. Nor need there necessarily be any emigration. Migration from the overcrowded centres to the neglected spots of the country, with efficient organization of labor, that is all.

Now, all this is exceedingly attractive. I will not weary you by reciting a rather long list of authors within the past two or three centuries, who thought that they had found social salvation along these lines, nor with any detailed account of the numerous experiments that have been tried. The oldest modern experiment is the old English Poor Laws; the largest modern experiment is the German Labor Colony System. The old English Poor Law was in many ways a failure; largely, perhaps, for the reason alleged by Fielding, that while the statutes prescribed what was to be done, they did not tell how to do it. At any rate, the House of Industry and the Parish farm, after a chequered career, disappeared, and it was not until the establishment of the Dutch Labor Colonies, early in the century, that the idea of "work, not alms," was again carried out on any considerable scale.

What our study of poverty reveals to us in this connection is this: That of those who have been born into or who have been sinking into poverty, there are some, not relatively a large number, in a new country, but even there a number fluctuating with the fluctuations of trade, who are unable to get any one to organize their labor for them, that is to employ them, and who are also unable to do so for themselves.

The question is, should society undertake this organization ; should it undertake to do what the industrial system has failed to do ; should it accept the responsibility of glossing over what may turn out to be defects in the industrial system by regimenting its failures.

A sufficient number of persons in Germany have taken this view of social responsibility to establish twenty-four farms upon which all comers may work and be fed. No work, no food ; but still to all comers work and food. Those who are unable to get any one to organize their labor may walk into the farm and forthwith have their labor organized on subsistence terms.*

Vagrancy is strictly put down in Germany and the strict observance of the law is rendered possible by the existence of those institutions in which a man buffeted and "shipwrecked inwardly and outwardly," as the expressive phrase of one of the reports has it, may spend a few months of healthy life and then return to competitive industry.

The advantages of the system appear to outweigh the disadvantages so far as Germany is concerned. A similar system exists in Holland, and an experiment in the same direction is being made in France. In England, General Booth's farm at Hadleigh is a labor colony of the same order, though it performs also the function of a place for training emigrants.† How far the latter function may usefully be conjoined with the other functions of the institution is very doubtful. In a certain number of cases of lapse, no doubt, good emigrants may be found ; but the presumption is against a nation discharging upon the shores of its colonies, or of other nations, the products of the sinister side of its industrial and social life.

The farm colony, pure and simple, may be said to fill two functions, both of them desirable up to a certain point. (1)

* For a recent account of these colonies see "Report on Labour Colonies," by J. Mavor, J. R. Motion, J. Speir, and R. P. Wright. Glasgow, 1892.

† See *Report* cited above.

It fills the function of a sanatorium where a man, who has been broken in health on account of want of employment or otherwise, may recover in the fresh air, in the wholesome and regular diet and discipline of the country colony, the spring which he has lost in the city. (2) It fills the function of organizers of labor for those who cannot organize their own. It seems likely that these two functions will have to be divided, the first to be undertaken by the existing colonies, the second by other colonies to be established for permanent occupation by colonists cultivating upon a co-operative or peasant proprietary basis. In any case the colonies must do good in so far as they take off from the slums of the cities, year by year, crowds of men who are rapidly sinking into degradation, and in so far as they make men of them. They will also avoid injurious influences upon the economic conditions of society, in so far as they are rigidly self-contained, that is, in so far as they avoid sending their subsidized products into the market for sale. For the rest, farm colonies, though conceivably an efficient, have proved to be a rather expensive form of poor relief.

Now, where economic students may most efficiently be of service in practical problems is in thoroughly and systematically mastering the conditions. Be it ours to study, and so far as we may, interpret the facts as we see them.

We hear occasionally the phrase, "You are disobeying the laws of political economy." If by the laws of political economy are meant the laws of the action of the social forces, these laws are no more to be disobeyed than the law of gravitation, or the law of expansion of gases. What ought to be said is, "You are disregarding the lessons of history." It is mainly from disregarding the plain lessons of history, frequently from ignorance of these, that men go wrong in political action.

What we need in the study of economics to avail us in practical affairs is—insight, insight, and always insight. To get at the inwardness of a matter of ancient history,

when all the elements of it that have come down to us through the ages, have fallen into line and when we may see them in perspective, is fairly hard even for the most competent student ; it is difficult for us, for example, to trace the early stages of landholding in England, or to discover the real meaning of the steps by which the English laborer emerged from serfdom ; but it is still more difficult for us to see the real bearing of what goes on under our very eyes, to see with entirely clear and disinterested vision the direction of the forces that are weaving in the "roaring loom of time."

JAMES MAVOR.

University of Toronto.